Deutsche Bank

Annual Report 2015
Luxembourg

Passion to Perform

This Annual Report is a translation of the original German version.
In case of discrepancies the German version is binding.

You can reach us online at www.db.com/luxembourg,
where the Annual Report 2015 is also available.

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Deutsche Bank Luxembourg S.A.

Management Board

Dr. Boris N. Liedtke (until December 31, 2015)
Chairman
Member of the Management Board
Chief Executive Officer

Nathalie Bausch
Member of the Management Board
Chief Operating Officer

Werner Burg
Member of the Management Board
Chief Risk Officer

Supervisory Board

Stefan Krause (until March 1, 2015)
Chairman
Member of the Management Board
Member of the Group Executive Committee
Chief Financial Officer of Deutsche Bank AG

Luc Frieden (from March 2, 2015)
Chairman
Vice Chairman of Deutsche Bank Group

Stefan Bender (until July 31, 2015)
Head of Commercial Clients Germany
Head of Global Transaction Banking Germany
of Deutsche Bank AG

Brigitte Bomm (until December 31, 2015)
Global Head of Tax of Deutsche Bank AG

Mary Campbell
Co-Head of GTO GTB
Regional Head of GTO EMEA of Deutsche Bank Group

Ernst Wilhelm Contzen

Carmen Herbstritt
Head of Regional Finance Germany
of Deutsche Bank AG

Kees Hoving (from August 1, 2015)
Head GTB EMEA (ex Germany) of Deutsche Bank AG

Karl von Rohr
Member of the Management Board
of Deutsche Bank AG

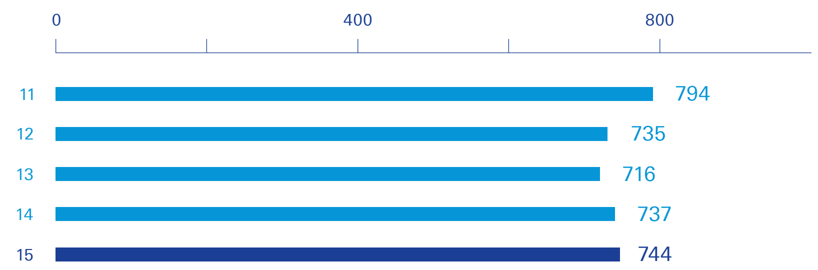
Report of the Management Board

Deutsche Bank Luxembourg S.A.

2015 was a year marked by challenges for the entire industry and for Deutsche Bank Luxembourg S.A. (hereinafter Deutsche Bank Luxembourg).
Robust growth in the leading Asian economies and an accelerated recovery in the U.S. economy contrasted with weak growth in the eurozone.
With interest rates remaining at historically low levels, regulation of our industry continued to intensify, particularly in connection with capital and leverage.
Despite these challenges, Deutsche Bank Luxembourg again turned in good results for the financial year. As in previous years, we made an active contribution to the success of Deutsche Bank Group.

Deutsche Bank Luxembourg generated a profit of € 288.9 million in 2015.
As a result of the strategically planned reduction of transaction volumes within the Group, total assets fell by € 5.5 billion to € 80.0 billion.

Development of Luxembourg banks' total assets
in € billion



Administrative expenses (staff and non-compensation costs) amounted to € 93.0 million.
As per December 31, 2015, Deutsche Bank Luxembourg had 312 employees.

All four business divisions of Deutsche Bank Luxembourg made a solid contribution to the bank's overall result, with the infrastructure functions providing optimal support.

Wealth Management can look back on a satisfactory 2015. The sustainable asset-gathering activities were successful and resulted in a renewed increase in client assets under management and revenues generated. In line with new regulatory requirements, the range of products and services offered was further optimized, in both debt and equity business.

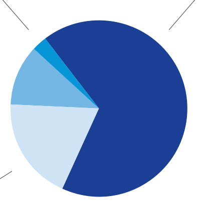
Group Technology & Operations Loan Operations (hereinafter GTO Loan Operations) continues to serve as a very successful centre of competence for booking and managing complex credit transactions for Deutsche Bank Group. The services delivered by GTO Loan Operations are an important part of the global suite of services that Deutsche Bank Group provides. Borrowers and syndicate banks leverage the benefits of longstanding expertise and an excellent reputation across the industry.

Corporate Banking & Securities – Global Liquidity Management (hereinafter CB&S – Global Liquidity Management), which is responsible for the liquidity and interest risk management of Deutsche Bank Luxembourg, exceeded its performance targets in a market environment which remains challenging. Capital and liquidity requirements were met at all times.

Global Transaction Banking – Institutional Cash & Securities Services (hereinafter GTB – ICSS) continues to be a partner of choice when it comes to securitization, capital markets products and the complex special products of the financial centre of Luxembourg, such as special funds and private equity funds. In addition, the business division provides lead management services for syndicated loans in EMEA. Although market conditions remained difficult, the business division was able to leverage its leading market position in the businesses offered and report above-average results in a challenging environment. As lead manager, we have been one of the top three service providers in this segment of the Luxembourg market for years.

Once again, Deutsche Bank Luxembourg's success over the past year was attributable to the trust our clients placed in us, the motivation of our staff and the ongoing support of our Supervisory Board.

The four business divisions contribute as follows to total operating profit*
in %



* Excluding the effects of the CPSG fair value portfolio

Luxembourg as a financial centre

The financial sector (banks, fund industry, insurance companies and asset managers) continues to form the backbone of Luxembourg's economy. At the end of the 2015 financial year, 143 banks had offices in Luxembourg.

With a population of around 563,000, Luxembourg has a relatively large labour force of 395,200, of which as many as 25,800 are employed in the banking sector.

The introduction in 2015 of a system for the automatic exchange of bank account information marked a turning point for Luxembourg banks engaged in private clients business.
A further milestone in the financial market regulation of the European financial industry is the Capital Requirements Directive IV (CRD IV), which was implemented into Luxembourg law in mid-2015 in response to the global financial crisis.
The new form of regulatory supervision by the European Central Bank for Luxembourg's largest systemically important banks is a significant development for the financial centre of Luxembourg.

Outlook

Thanks to our highly qualified staff and state-of-the-art infrastructure, we feel well prepared to face the future. We are confident of our ability to deliver first-rate services and expand our core business areas.
As in previous years, we are optimistic that we will again achieve a good operating result.

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Business Divisions and Divisional Functions

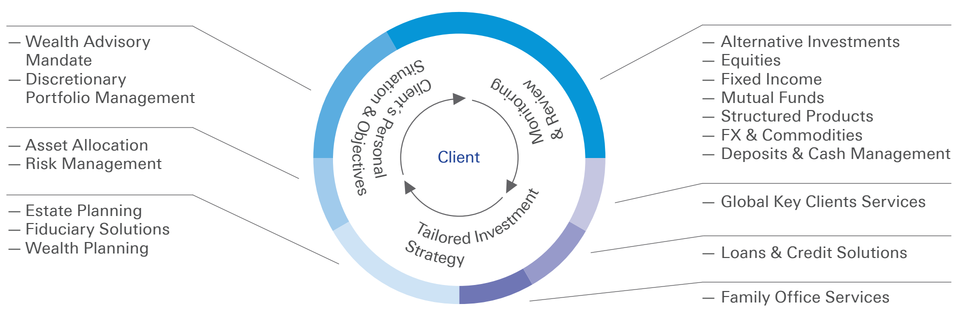
Wealth Management (WM)

Our Wealth Management division helps individuals and institutions worldwide to preserve and grow their wealth. We leverage our global network to provide our clients with a comprehensive range of tailored wealth management and banking services. These include investment management, lending and deposit services of a high standard, wealth planning and special solutions for individuals, selected institutions and family offices.

The regional focus of our activities in Luxembourg lies on the European markets. In addition, as a global booking centre, we develop first-class solutions for independent asset managers and for Wealth Management clients of Deutsche Bank Group whose needs are served from locations outside of Luxembourg.

In the year under review, we were successful in maintaining our strategic focus on the management of wealthy clients outside of Luxembourg. Our partners within the Deutsche Bank network are also making increasing use of our wide-ranging services. As a result, 2015 saw a renewed increase in client assets under management. With a corresponding figure of € 13 billion, Luxembourg ranks among the world's top five global wealth management booking centres.

Integrated, holistic solutions



The positive overall picture is underscored by a satisfactory development of revenues and costs. In 2015, operating revenues generated by Wealth Management Luxembourg surpassed the € 100 million mark for the first time. Thanks to our marketing success as lending hub, interest income increased significantly, again accounting for more than half of total revenues. Recurring revenues are another major source of earnings within our business model. Owing to our focus on discretionary portfolio management mandates, transaction-based revenues are becoming less significant, as expected. As a result of our ongoing focus on cost discipline, costs remained at a stable low level, as reflected by an excellent cost-income ratio of 39%.

In summary, we can look back on a year of very positive business developments. Based on our strategic positioning, we are confident that we will continue to be able to grow in the coming year despite the increased regulatory demands that lie ahead.

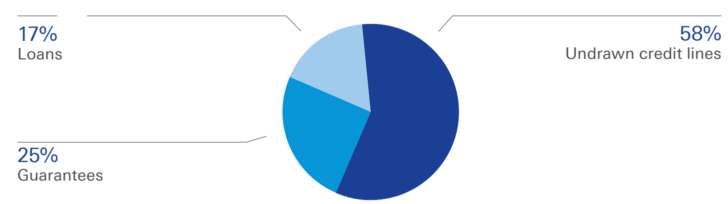
GTO Loan Operations

Lending business

As one of the largest credit centres of Deutsche Bank Group, the lending division acts as a centre of competence for syndicated and large-scale bilateral loans, primarily within Europe. We offer our clients the qualified coverage and management of complex financing structures across all product groups that Deutsche Bank Group tailors to the needs of large clients and mid-caps in Europe.

Deutsche Bank Luxembourg's lending business again proved to be the bank's largest revenue driver over the past financial year, accounting for 47% of total revenues. At € 49.8 billion, the credit portfolio under management was up € 1.8 billion on the previous year. Our lending to clients amounted to € 38.2 billion, while transactions in the Group's interests stood at € 11.6 billion. The successful 2015 reporting year was again characterized by a growing number of project finance loans (infrastructure / renewable energy) and the completion of major acquisition financings.

GTO Loan Operations
in %



Covered credit volume of € 50 billion.

The concentration of credit risks (primarily investment grade) at Deutsche Bank Luxembourg ensures
– optimized processes and systems for booking and managing complex credit structures in line with regulatory requirements,
– a broad selection of products (including working capital finance, project finance, acquisition finance and export finance), as well as
– an international and qualified team of employees who serve clients throughout the entire term of the loan.

Outlook

We anticipate stable demand for credit in 2016, assuming that borrowers will continue to take advantage of favourable market rates. Credit margins are likely to remain under pressure.

We are confident that we will be able to maintain the positive performance of the past financial years again in 2016.

CB&S – Global Liquidity Management

Long way out of the financial crisis

The performance of the largest economic zones diverged in 2015.
The European Central Bank (ECB) continued to meet its role as provider of liquidity, once again cutting its already negative deposit rate.
As positive signals from the U.S. economy were confirmed, the U.S. Federal Reserve in December decided to raise interest rates for the first time since 2008. The massive quantitative easing program ended in 2015.
The Asian economy was buffeted by fears of waning economic growth in China.
In January, the Swiss National Bank (SNB) decided to abandon the fixed exchange rate to the euro, introduced in 2011, and fix the deposit rate at –0.75%.

The business division was involved in the preparation and implementation of further regulatory requirements, both at local and group level.

In terms of liquidity management, the liquidity situation of Deutsche Bank Luxembourg was materially impacted both by negative market rates as well as by measures taken by the Group in order to comply with regulatory requirements. The volume of excess liquidity has consequently declined further.

In spite of these growing challenges, the division was able to meet the requirements placed on it, in particular in terms of liquidity and interest rate management, at all times. The division once again clearly exceeded its performance targets.

CB&S – Global Liquidity Management, which is responsible for liquidity and interest rate management, was allocated to Treasury at the end of 2015 as part of Group-wide restructuring measures.

GTB – Institutional Cash & Securities Services (ICSS)

In Luxembourg, ICSS is made up of Corporate Services (CS), Depositary Receipts (DR), Corporate Trust (CT) and Fund Services (FS).

In a persistently difficult market environment, revenues increased by 11.1% compared to the previous year and remain at a high level. A positive development can be expected for 2016 as demand for the products we offer remains strong.

Corporate Services specializes in the domiciling, administration and accounting of regulated and unregulated special purpose vehicles, used primarily in securitization transactions, for structured project financing in mergers & acquisitions, private equity or for real estate transactions. Revenues rose slightly compared to the previous year.

Depositary Receipts
In 2014, ICSS successfully expanded its existing businesses to include the Depositary Receipts division. Depositary Receipts in Luxembourg adopted the highly successful existing business model of Deutsche Bank Group.
Specifically, this involves the issue of Global Depositary Receipts (GDRs) for the European market. The issue of depositary receipts facilitates exchange-traded and over-the-counter transactions relating to international securities. They give investors and issuers access to restrictive international markets and enable investors, for example, to participate in profit distributions and voting rights. In the meantime, a number of transactions were completed successfully in this area.

Corporate Trust / Loan Agency Services
If several banks work together to provide funds, they need a lead manager to act as a connecting link between syndicate and borrower. As one of the most prominent lead managers for syndicated loans on the European credit market, Deutsche Bank Luxembourg has steadily gained new agency mandates and built up its market share in recent years. Project finance in particular recorded an increase in new client business of over 25% in 2015.

Our integrated service model, which focuses on the intensive coverage of the lending banks and the borrower involved in the transaction, played a key role in this growth. This service model, which has proved so successful in the lending segment, was adopted by the London branch of Deutsche Bank AG in 2015 and is now also offered for bond mandates. The Corporate Trust team is responsible for agency business for syndicated loans in Europe and the Middle East.

Fund Services focuses on central administration and depositary bank mandates for investment funds operating in the fields of real estate or private equity. In addition to domiciling funds or their management companies, this includes day-to-day administration, preparing the accounts, transfer agency services, registering and monitoring investors, providing operational support for the processing of transactions as well as supervising the funds' different investments.

Outlook

As a leading global financial centre (second-largest market for investment funds) that benefits from an extensive network of double taxation agreements with all major countries, Luxembourg is a prime strategic location for Deutsche Bank Group's Global Transaction Banking. Thanks to its technical facilities and networks in Deutsche Bank Group, ICSS can offer clients of Deutsche Bank Luxembourg all the necessary services from one source. The business division is therefore a partner of choice for all product areas of the bank, but also for third parties. ICSS expects to see continued revenue growth in 2016.

Divisional Functions

Human Resources

As per December 31, 2015, Deutsche Bank Luxembourg employed 312 members of staff (end of 2014: 309).

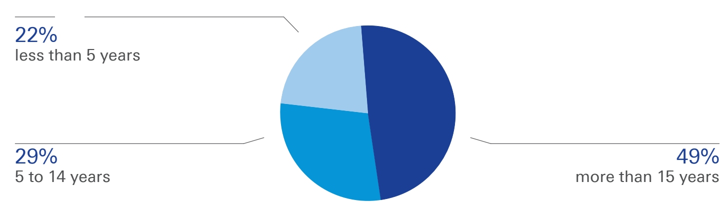
23 different nationalities and 18 languages spoken reflect the bank's diversity. This international quality means individual advice can be provided to customers in their own native language.

The proportion of female staff remained virtually unchanged at 56%. 81 employees are part-time, which corresponds to a part-time employment ratio of 26%. We foster an open business culture that values the diversity of our employees, makes use of their unique talents and provides an unprejudiced working environment in which they can reach their full potential. Deutsche Bank Luxembourg believes that diverse teams are more successful because of the wider range of viewpoints they have. Only by living according to our diversity philosophy we can find innovative solutions to meet the great variety of client demands.

We place particular importance on providing basic and advanced training for employees.

At Deutsche Bank Luxembourg, 49% of staff have been with the Group for over 15 years.

Length of service
in %



Information Technology

The main task of the Information Technology department is to provide optimal systems and support their ongoing enhancement to meet business, regulatory and technical requirements. This involves continually developing the bank's infrastructure and ensuring maximum stability and availability.

In this respect, many projects were successfully implemented in 2015.

Extensive and regular testing was carried out to ensure system availability in the event of a disaster.

The many security measures taken to safeguard the information infrastructure again proved to be appropriate and effective in 2015. No security-relevant incidents occurred. The technical and organizational steps taken in this respect are reviewed and upgraded regularly.

Corporate Services (CS)

The range of services provided by CS in Luxembourg covers commercial, technical and infrastructural facility management. In addition to handling the traditional infrastructure services relating to site surveillance and the protection of valuables, CS is also responsible for coordinating Business Continuity Management activities in Luxembourg to ensure that the bank can continue operating in the event of a breakdown of all or part of the active infrastructure. Other CS responsibilities include revising the guidelines as well as Policies & Procedures.

We ensure that our services meet the quality standards expected by our clients. The main contractual partners of CS are subject to specified management and performance reporting requirements; furthermore, a CSAT report (Client Satisfaction Report) is drawn up.

Operations

The main activity of the Operations unit is the settlement of Deutsche Bank Luxembourg's securities transactions and money market activities as well as account management for various business divisions. The employees of this unit ensure the smooth performance of the internal processes linked with these business activities.

The bank maintains accounts for processing payment transactions at Group and third-party banks (nostro accounts) as well as depositaries for the custody and settlement of securities (nostro securities accounts) in all major currencies. These are reconciled by an independent group at regular intervals.

Trust and Agency Services Operations (TAS Ops)

The activities of TAS Ops include listings in Luxembourg and Ireland. It also acts as paying agent for coupon and bond redemptions. In terms of the number of securities issues listed on the Luxembourg Stock Exchange in 2015, TAS Ops is among the top listing agents in Luxembourg.

As agent for registrar and trustee transactions in Deutsche Bank Group, TAS Ops supports the Trust & Securities Services (TSS) business units in Frankfurt, London, New York and Hong Kong and also acts as depositary (vault administration).

Audit

Internal Audit of Deutsche Bank Luxembourg is responsible for providing independent and objective assurance on the effectiveness of risk management, internal controls and governance processes.

Legal

The Legal department at Deutsche Bank Luxembourg is an integrated part of Deutsche Bank Group's worldwide legal services. It is responsible for legal issues of the legal entities domiciled in Luxembourg (with the exception of the branch of Postbank AG), unless, in individual cases, they are handled by other legal departments within the Group's legal services. Owing to the business orientation of Deutsche Bank Luxembourg, its work, as far as Deutsche Bank Luxembourg S.A. is concerned, is shaped primarily by support for GTO Loan Operations, advisory work for Wealth Management and the coverage of structured transactions. One area of focus is the coverage of complex credit exposures, particularly in corporate finance but also in lending to Wealth Management clients and advisory on the implementation of new regulatory requirements. Apart from serving the business divisions, Legal also advises and assists the Management Board and various infrastructure functions, above all Compliance and Human Resources. Supporting extensive internal restructuring measures in Luxembourg remained a key aspect of the Legal department's work in 2015.

Its tasks also include selecting, coordinating and monitoring the external lawyers engaged by the bank in numerous jurisdictions.

The international orientation of the department reflects the bank's importance as lending office and centre of competence in Continental European and Middle East lending business as well as the large number of cross-border transactions both in corporate lending and wealth management.

Compliance

The neutral Compliance function serves to ensure adherence to legal and regulatory requirements and ethical principles at Deutsche Bank Luxembourg. For this purpose, policies and processes are developed and staff trained. Monitoring processes are in place to ensure that capital market regulations and standards of conduct are complied with at Deutsche Bank Luxembourg.

Compliance is integrated into the new client adoption and new product approval processes. Special importance is attached to the prevention of money laundering and terrorist financing, and compliance with the Markets in Financial Instruments Directive (MiFID). The MiFID is a Directive of the European Union (EU) on harmonization of the financial markets in the European Single Market.
Compliance also conducts regular risk assessments relating to the prevention of money laundering and terrorist financing, as well as Compliance issues.

The Compliance department employs seven members of staff.

Finance and Taxes

Finance is organized in the following groups:
– Finance Director Manager (FD/M) Regulatory / Group Accounting
– Finance Director Manager (FD/M) Business
– Finance Director Manager (FD/M) Financial Reporting Control
– Analytics

FD/M Regulatory / Group Accounting covers all regulatory and accounting aspects. Its focus lies on communicating with regulators, auditors and consultants, coordinating annual and audit reports as well as the correct and timely preparation of the financial statements, regulatory reporting and tax returns. The annual accounts of the bank are prepared for the Group according to the International Financial Reporting Standards (IFRS).

The Business FD/M group acts as strategic partner for Management and the business divisions. It prepares the groundwork for decisions on efficient corporate and risk management (introduction of new products, planning processes, etc.). Risk reporting is also part of this unit.

Part of the FD/M Financial Reporting Control function involves coordinating and monitoring the standardized production processes transferred to the Group's Professional Service Centres (PSCs). A further focus is on the cross-divisional supervision of the monthly management review process and the effectiveness of the key controls defined on the basis of the requirements set out in the Sarbanes-Oxley Act.

The Analytics group supports the FD/Ms by providing detailed analysis and transparent management reports. These form the basis for preparing decisions for the overall business and the individual business divisions.

The aforementioned functions are carried out by 24 employees based in Luxembourg for the majority of the operating entities of Deutsche Bank Group. This does not include the Finance function of the Postbank entities.

The implications of the ongoing restructuring measures of Deutsche Bank Group on the local finance organization will not materialize until 2016.

Regardless of this, the fast-growing complexity of regulatory requirements (e.g. Capital Requirements Regulation (CRR) Delegated Act) poses the greatest challenge for the finance organization.

Risk Management

In the context of the implementation of CSSF Circular 13/563 (head office, internal governance and risk management), amended by 14/597, the bank implemented the function of the Chief Risk Officer (CRO) as a member of the Management Board with effect from January 1, 2014. In addition to the existing Credit Risk Management (CRM) department, the risk control function was established as an independent Risk Control (RC) department. RC helps the CRO to aggregate the types of risk arising from the business model of Deutsche Bank Luxembourg into an overall risk profile, to monitor whether risks are within the defined risk appetite and report regularly to both the Management Board and the Supervisory Board.

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Management Report

Management Report

Profit and Loss Account

In the 2015 financial year, Deutsche Bank Luxembourg generated net income of € 289 million (2014: € 185 million).

The following transactions significantly affected the financial position, net assets and results of operations in 2015:

Following the rejection by the European Central Bank (ECB) of the waiver solution at the level of Deutsche Bank AG for Deutsche Bank Luxembourg, the bank placed a cash deposit as a high quality liquid asset (HQLA) with the BCL in late September 2015 to comply with the liquidity coverage ratio (60%) required effective October 1, 2015. As at December 31, 2015, the deposit amounted to € 10.6 billion. The impact on net interest income is largely offset by funding through Deutsche Bank AG, Frankfurt, as part of its global liquidity management.

Due to the expiry of an intra-group guarantee at the end of 2014, revenues with the character of interest declined by € 50 million in 2015.

The tax-exempt gains reactivated in 2013 from the sales of Cedel International S.A., the custodian banking business and the bank building, totalling € 93 million, were recognized as income in the reporting year after expiry of the time limit for recognition.

The interest in DB Finance International GmbH was restructured and sold as part of an intra-group transaction. In this connection a positive contribution to earnings of € 86 million was generated, resulting largely from the distribution of reserves from sub-participations of the company.

In 2015, two further companies, VCL Lease S.à r.l. and Isaac Newton S.A., were integrated into the fiscal unit for income tax purposes in which Deutsche Bank Luxembourg acts as controlling company, becoming controlled companies in addition to Deutsche Asset & Wealth Management Investment S.A. (until May 1, 2015 DWS Investment S.A.), Willem S.A., Cabarez S.A., Magalhaes S.A. and VCJ Lease S.à r.l.; Deutsche Bank Luxembourg holds 95% each of VCL Lease S.à r.l. and Isaac Newton S.A., which were established as part of an aircraft and ship financing deal. In 2015 both companies disbursed interim dividends amounting to the equivalent of € 31 million (VCL Lease S.à r.l. € 21 million, Isaac Newton S.A. € 10 million).

During the first quarter of 2013, in the context of a structured financing arrangement (Project Apex), the bank acquired a participation certificate in the amount of € 1.0 billion with a maturity of 25 years. The coupon for this investment is due at maturity. By contrast, the costs for the corresponding refinancing are due on a monthly basis. This had a negative impact of € 34 million (2014: € 41 million) on Deutsche Bank Luxembourg's results in 2015. The decrease is due to the restructuring of the financing in 2015, which is due to be fully unwound in 2016.

Following the maturity of a participation certificate at the end of 2015, € 1.5 billion of the participation certificates issued in September 2010 and July 2011 totalling € 2.4 billion was repaid. Regardless of this, the maximum coupon in the amount of € 244 million became due for both transactions as in the previous year (2014: € 244 million). Interest is linked to the operating profit of Deutsche Bank Luxembourg in each case (including the item "Other income / expenses including dividends"). The remaining participation certificate in the amount of € 0.9 billion continues to be classified as Upper Tier II capital.

The fair value portfolio of CPSG (Credit Portfolio Strategies Group) once again had a considerable impact on Deutsche Bank Luxembourg's results in 2015. In net terms, the transaction had a positive effect of € 127 million (2014: € 134 million) on the Profit and Loss Account in 2015. The individual components of the results are explained below.

The key components of the results compare as follows:

Net results

in T €	2015	2014
Net interest income	292,537	332,015
Net commission income / loss	–88,732	–27,075
Net profit on financial operations	10,160	11,485
General administrative expenses	–92,972	–84,610
Depreciation of tangible and intangible assets	–637	–574
Operating profit I	120,356	231,241
Other income / expenses including dividends	316,956	224,791
Operating profit II	437,312	456,032
Net change in provision for risk including release of special items	153,114	23,528
Taxes	–57,829	–50,432
Payments for participation certificates capital	–243,713	–243,714
Net income	288,884	185,414

The change in net interest income (–€ 39 million) is mainly due to the expiry of an intra-group guarantee at the end of 2014 and the related decrease in revenues of € 50 million. This was partially offset by the interest components of the CPSG fair value portfolio, which, at € 79 million, were € 6 million above the prior-year figure (€ 73 million) as well as a € 7 million reduction in funding costs for the Apex transaction.

On balance, net interest income from ongoing business was virtually unchanged on 2014. Global Transaction Banking revenues were € 28 million lower owing to modelling adjustments within the Group. This negative development was offset by growth in lending, which had a positive impact on net interest income of international lending business and Wealth Management.

The development of negative net commission income (–€ 89 million versus –€ 27 million in 2014) was partly due to higher commission expenses (+€ 32 million), primarily for transfer pricing payments in Loan Department Capital Markets and net losses from loans sold. With a share of 63% (€ 138 million, previous year: € 136 million), collateralized loan obligation (CLO) costs continued to be the major factor for the high commission expense.
On the earnings side, extraordinary income received in 2014 (€ 52 million) in connection with large syndications could not be repeated to the same extent in 2015. As a result, commission income (€ 130 million) was € 29 million lower than in 2014.

"Other income" includes € 154 million (2014: € 148 million) for "first day loss (shortfall)". This income comprises a compensation payment to Deutsche Bank Luxembourg, in its capacity as loan booking entity, by the relevant Group entity benefitting from the cross-selling to cover the difference between the expected net margin of a loan and the market-based hedging of the credit risk. The calculation and payment methods are regulated in the Group's internal master spread agreements. In connection with the costs charged for the national resolution fund, the existing AGDL (Association pour la Garantie des Dépôts, Luxembourg) provision in the amount of € 2 million was released.

Administrative expenses rose by € 8 million. The increase is entirely due to a new cost sharing agreement for Global Transaction Banking. Accordingly, amounts owed to other units within the Group accounted for 61% of other administrative expenses at the end of 2015. Regardless of this, the lasting effectiveness of restructuring measures carried out in previous years is evidenced by the fact that staff costs, at € 33 million, remained at the previous year's level.

The increase in "Other operating charges" is due largely to higher provisions for operational risks (approximately € 11 million) and costs in the amount of € 2 million charged in 2015 for the first time by the CSSF for the national resolution fund.

The unrealized valuation result determined by the CPSG valuation unit for the fair value loans and credit default swaps led to a release of risk provisions in the amount of € 32 million (2014: release of € 49 million).

Adequate provisions have been made for all other discernible risks in loan and securities business (including participating interests) and for operating risks. The amount of the lump-sum provision is explained in the Notes (Section D, Risk Report).

It is proposed that the Ordinary General Meeting approve the distribution of retained earnings in the amount of € 65 million as well as the payment of a dividend totalling € 169 million and the allocation of the remaining profit of € 120 million to “other reserves”.

Balance Sheet

At € 80.0 billion, total assets were below the level of the previous year (€ 85.5 billion). The net exchange rate fluctuations had a positive impact on the development of total assets, resulting in a change of +€ 1.0 billion (€ 0.8 billion of which relates to fluctuations of the US dollar).

Balances with central banks rose to € 10.9 billion as a result of the deposit of a cash contribution as a high quality liquid asset (HQLA) in the amount of € 10.6 billion. Accordingly, investments at other banks, in particular Group banks, decreased by 25.7% to € 51.9 billion.

Owing to the rise in outstanding loan commitments, the entire credit volume (loans extended, confirmed credits and contingent liabilities) covered by GTO Loan Operations rose from € 48.0 billion in the previous year to € 49 billion. At € 15.3 billion, loans and advances to customers were above the level of the previous year (€ 13.8 billion).

As at the balance sheet date, Deutsche Bank Luxembourg held the following substantial participating interests and shares in affiliated undertakings:

Participating interests and shares in affiliated undertakings

Deutsche Asset & Wealth Management Investment S.A.	50.00%
Hua Xia Bank Company Limited, Beijing	9.28%

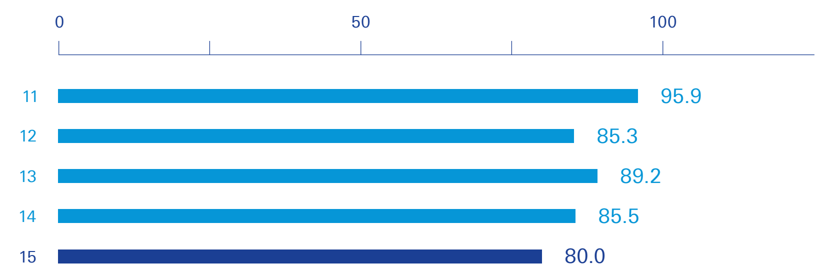
Further information is provided in the Notes under B [4].

Amounts owed to credit institutions decreased by € 1.0 billion to € 60.7 billion, mainly due to lower deposits from external Swiss banks (–€ 1.1 billion). Owing to lower volumes with companies, amounts owed to customers were down € 3.3 billion on the previous year (€ 15.1 billion).

Following the maturity at the end 2015 of a participation certificate in the amount of € 1.5 billion, subordinated liabilities came to € 0.9 billion.

The regulatory own funds of Deutsche Bank Luxembourg, totalling € 4.5 billion, were lower than in 2014 (€ 4.6 billion), due largely to the reduction in Tier II capital. Further details are explained in the Risk Report (Section D, Regulatory risk position).
The EU solvency ratio according to CRD IV was 11.7% as at the balance sheet date (compared to 2014: 12.1%). On December 31, 2015, the Tier I capital ratio stood at 11.2% (compared to 10.6% in 2014).

Development of total assets
in € billion at year-end



Business policy as well as risk and capital management strategy

As a subsidiary of Deutsche Bank AG, the bank operates within the framework of Deutsche Bank’s Group-wide business strategy. The operational and strategic objectives of the individual local business divisions are components of the respective planning in the corporate divisions of Deutsche Bank Group.

Deutsche Bank Luxembourg is integrated in organizational and IT terms into the risk and capital management as well as the Finance structures of Deutsche Bank Group and its systems. This means that the bank manages capital and risks with the help of a framework of risk policies, organizational structures and processes which are standardized throughout the Group, closely aligned with the activities of the corporate divisions and which take account of regulatory requirements. Accordingly, all defined risks have been adequately taken into account.

For the most part, Deutsche Bank Luxembourg has to manage the following risk categories:
– credit risk, primarily in the form of default and country risk,
– market risk, especially interest rate and equity risk,
– liquidity risk,
– operational risk,
– reputational risk.

These risks were monitored appropriately at all times. Detailed information on the management of the main risk categories and quantitative statements on financial instruments are given in the Notes and in the Risk Report.

The principles of business policy as well as of risk and capital management are established and monitored by the Supervisory Board and the Management Board. This takes place at the regular meetings of the Supervisory Board and of the Management Board. The Supervisory Board established an Audit Committee and a Risk Committee in 2014 to support it in its work, as it continued to implement the recommendation from Circulars 12/552, 13/563 and 14/597 to engage the support of additional experts. Following the head office restructuring, the Management Board continues to have authority for local credit approvals.

The bank also has an Asset / Liability Committee (ALCo) which meets quarterly to discuss the current business, risk and balance sheet situation as well as the effects of new business on the risk profile and capital funding. Corrective measures are taken if necessary. Furthermore, the Risk and Capital Profile Report (RCP) is discussed and approved as part of the Internal Capital Adequacy Assessment Process (ICAAP). The ALCo thus performs the function of the Capital and Risk Committee (CaR).

Outlook for 2016

Despite initial signals from the U.S. of an interest rate hike, we expect interest rates to rise only marginally in 2016. Regardless of this, there is further evidence of strong client demand for financing, which, in our opinion, will continue in 2016 and have a positive impact on net interest income.

Extraordinary income can be expected from the continued consolidation of the investment portfolio of Deutsche Bank Luxembourg.

On the cost side, as a result of restructuring measures undertaken in previous years, we have created an excellent basis for an efficient cost management. For 2016 it remains to be seen what impact the measures will have for the individual companies at Deutsche Bank Group level. Expenditure for implementing the new regulatory requirements will again be a major cost factor in 2016.

In light of the continued strength of our credit portfolio and our close monitoring of credit risk, necessary risk provisioning should remain at the relatively low level of previous years. Regardless of this, the monitoring of operational risks will become more important in future.

Lower expenses for participation certificates capital will also have a positive impact on net income.

In connection with its capital planning, the bank anticipates that the aforementioned consolidation of the investment portfolio will lead to reduction in capital deduction items and, consequently, to an improvement in the solvency ratio. In light of the additional capital buffers required from 2016 onwards as well as anticipated volume growth, we will continue to seek to replace the participation certificates classified as Tier II capital which expired in 2015 or become due in 2016.

Despite the challenges of the year ahead, we expect to achieve a good result again in 2016. The development of business to date confirms our assessment.

Luxembourg, February 25, 2016

The Management Board

4

Results

Balance Sheet

as at December 31, 2015

Assets	[Notes]	Dec 31, 2015 in T €	Dec 31, 2014 in T €
Cash in hand, balances with central banks and post office banks	[B2]	10,869,168	413,595
Loans and advances to credit institutions	[B1, 2, 6]	51,883,430	69,828,957
repayable on demand		289,305	221,915
other loans and advances		51,594,125	69,607,042
Loans and advances to customers	[B1, 2, 6]	15,338,182	13,833,275
Debt securities and other fixed-income securities	[B1, 2, 3]	605,758	221,710
of public issuers		18,054	17,992
of other issuers	[B5, 6]	587,704	203,718
Shares and other variable-yield securities	[B2, 3]	768	15,259
Participating interests	[B4, 5]	640,868	640,877
Shares in affiliated undertakings	[B4, 5]	5,999	6,951
Tangible assets	[B5]	3,563	3,810
Other assets	[B8]	354,701	320,489
Prepayments and accrued income		320,605	252,566
Total assets		80,023,042	85,537,489

Liabilities	[Notes]	Dec 31, 2015 in T €	Dec 31, 2014 in T €
Amounts owed to credit institutions	[B1, 2, 14]	60,664,799	61,712,258
– repayable on demand		57,630	2,526,980
– with agreed maturity dates or periods of notice		60,607,169	59,185,278
Amounts owed to customers	[B1, 2, 14]	11,819,567	15,071,912
other debts		11,819,567	15,071,912
– repayable on demand		1,711,810	1,712,126
– with agreed maturity dates or periods of notice		10,107,757	13,359,786
Debts evidenced by certificates	[B1, 9]	5,771	30,229
debt securities in issue		5,721	30,182
other debts		50	47
Other liabilities	[B8]	324,500	172,354
Accruals and deferred income		654,265	609,920
Provisions for liabilities and charges		405,378	413,960
reserves for pensions and similar obligations		70	1,256
provisions for taxation		178,066	136,522
other provisions		227,242	276,182
Subordinated liabilities	[B1, 10]	850,000	2,350,000
Special items with a reserve quota portion	[B11]	33,869	126,847
Subscribed capital	[B12]	3,959,500	3,959,500
Share premium account		55,600	55,600
Reserves	[B13]	960,909	849,495
Net income		288,884	185,414
Interim dividend		0	0
Total liabilities		80,023,042	85,537,489

Off-balance sheet items

Contingent liabilities	[B2, 16]	12,565,053	14,366,430
of which:			
guarantees and assets pledged as collateral security		12,565,053	14,366,430
Confirmed credits	[B2, 17]	29,877,387	27,505,586
Fiduciary operations	[B2]	4,574,245	4,929,162

The Notes to the Accounts are an integral part of the Annual Financial Statements.

Profit and Loss Account

for the period from January 1 to December 31, 2015

Profit and Loss Account	[Notes]	Jan 1 – Dec 31, 2015 in T €	Jan 1 – Dec 31, 2014 in T €
Interest receivable and similar income		664,675	759,003
of which:			
from fixed-income securities		11,325	10,430
Interest payable and similar charges	[B10]	372,138	426,988
Income from transferable securities		171,542	71,145
from shares		0	3
from participating interests		49,766	66,025
from shares in affiliated undertakings		121,776	5,117
Commissions receivable		129,910	159,358
Commissions payable		218,642	186,433
Net profit on financial operations		10,160	11,485
Other operating income	[C2]	159,748	155,842
General administrative expenses		92,972	84,610
Staff costs		32,535	32,935
of which:			
– wages and salaries		26,470	27,079
– social security costs		5,502	5,111
of which: pensions		2,312	1,970
Other administrative expenses		60,437	51,675
Depreciation of and value adjustments to intangible and tangible assets		637	574
Other operating charges	[C3]	14,334	2,196
Depreciation of and value adjustments in respect of loans and advances and provisions for contingent liabilities and for commitments*		–60,457	–23,528
Value adjustments in respect of securities held as financial fixed assets, participating interests and shares in affiliated undertakings*		321	0
Release from special items with a reserve quota portion	[B11]	92,978	0
Taxes on profit on ordinary activities		57,103	49,545
Profit on ordinary activities after taxes and before payments for participation certificates capital		533,323	430,015
Other taxes not shown under the preceding items		726	887
Payments for participation certificates capital	[B10]	243,713	243,714
Net income		288,884	185,414

* Due to offsetting of additions and releases, the net risk provision is recognized as a negative figure.

The Notes to the Accounts are an integral part of the Annual Financial Statements.

Notes to the Accounts Deutsche Bank Luxembourg S.A.

A. Principles and methods

Corporate matters

The bank was founded on August 12, 1970, in Luxembourg in the legal form of Société Anonyme. The bank is a wholly-owned Group subsidiary of Deutsche Bank AG, Frankfurt am Main.

The bank's business policy and valuation principles, unless prescribed by Luxembourg rules and regulations, are established and monitored by the Management Board.

Business object of the bank

The object of the bank, in accordance with the Articles of Association, is to transact banking and financial business for its own account and for the account of third parties and all activities directly or indirectly connected thereto.

Annual accounts

The financial year is identical to the calendar year.

The reporting currency is the euro.

Deutsche Bank Luxembourg is a parent company for the purposes of Article 77 (1) of the law of June 17, 1992 on the annual accounts and consolidated accounts of banks incorporated under Luxembourg law (in its amended version; hereinafter referred to as the law on the accounts of banks). As a subgroup, Deutsche Bank Luxembourg is exempt from the obligation to prepare its own consolidated accounts and a consolidated Management Report pursuant to Article 80 of the law on the accounts of banks.

The annual accounts of Deutsche Bank Luxembourg are included in the consolidated financial statements of Deutsche Bank Group according to IFRS. Deutsche Bank AG, Frankfurt am Main, draws up the consolidated financial statements for the majority of companies.

The accounting and valuation methods are described below.

Accounting and valuation principles

The bank draws up its annual accounts in accordance with the laws and regulations of the Grand Duchy of Luxembourg under the historical cost principle and on the basis of accounting principles generally accepted in the banking sector in the Grand Duchy of Luxembourg.

In particular, the following accounting principles and valuation methods are applied:

– Foreign currencies

Transactions are accounted for in their respective currencies on the day they are concluded.

Expenses and income in foreign currency are recorded daily in the Profit and Loss Account at the prevailing exchange rates.

Assets and liabilities in foreign currency are valued at the foreign exchange mid-market rate at balance sheet date. Historical exchange rates are used for hedged deals. Open forward exchange contracts are converted at the forward rate for the remaining term at balance sheet date. For pending losses, a provision is formed which is reported in the Balance Sheet under "other provisions".

– Derivative financial transactions

Derivative financial transactions such as currency interest rate swaps, interest rate swaps and future or forward rate agreements (FRAs) are used for the purpose of managing the interest rate and currency risk within the framework of asset / liability management. The bank's obligations arising from such transactions are accounted for on the transaction date. The counterparties in such transactions are primarily companies which are members of Deutsche Bank Group.

Currency-related transactions are concluded to hedge exchange rate risks for the bank's own account and on behalf of customers.

The above derivative financial transactions form, to a very large extent, economic units with asset or liability exposures. In view of the economic objectives of such operations, year-end revaluation or provisioning is not considered necessary.

The portfolio of the Credit Portfolio Strategies Group (CPSG) is to be considered separately, with the following subportfolios being grouped to form one valuation unit:
– Deutsche Bank Luxembourg's existing CPSG loan portfolio,
– credit derivatives issued in the context of the assumption of risks (credit default swaps),
– credit derivatives received as collateral for the aforementioned underlying transactions (also credit default swaps for the most part).

With the underlying transactions of this valuation unit, the bank is not pursuing a trading strategy intended to generate a profit in the short term. The hedging transactions are therefore structured primarily to cover the credit / default risk of the underlying transactions. No separate examination of other risks (particularly market risks) is provided as far as the uncollateralized risks from the underlying and hedging transactions are considered to be comparable, subject to low volatility, and deemed to be negligible.
The hedging transactions were concluded with the London branch of Deutsche Bank AG, primarily in the form of credit default swaps, taking into account specific risk tolerance and hedging parameters agreed by Deutsche Bank Luxembourg in cooperation with the global Credit Risk Management unit of Deutsche Bank AG.

In Balance Sheet terms, they are treated in line with the gross hedge presentation method (Durchbuchungsmethode). For unrealized losses resulting from this valuation, appropriate risk provisions are formed, which are reported under "other provisions". In connection with the CPSG portfolio, no distinction could be reasonably made, without entailing undue expense, between one-off payments made / received in the form of premiums (upfront) for protection buyer positions and the other income components influencing the fair value of the credit default swaps in question. To this extent, therefore, it was not always possible to divide the income components into an interest rate and a creditworthiness component. Against this background, the market value-related valuation effects of the credit default swaps affected are included in full in "provisions for contingent liabilities and for commitments".

– Treatment of premiums / discounts

Premiums and discounts on amounts receivable and amounts owed are in principle accounted for pro rata temporis.

With regard to securities, premiums are also accounted for in principle pro rata temporis. Discounts from the purchase of bonds and other fixed-income securities are not booked to the Profit and Loss Account until final maturity or sale.

– Value adjustments in respect of debts

The bank establishes specific value adjustments in respect of doubtful and irrecoverable debts for creditworthiness and country risks in accordance with strict valuation standards.

Value adjustments are deducted from the assets to which they relate. Risk provisions for contingent liabilities and commitments are reported under "other provisions".

To determine the write-down, the net present value is calculated based on expected future cash flows. The change in net present value ("unwinding") is reported as income from the release of provisions.

– Lump-sum provision for inherent risks

In accordance with Luxembourg tax legislation, the bank establishes a lump-sum provision for inherent risks in risk-bearing assets weighted pursuant to regulatory and legal requirements as well as for the credit risk equivalent from derivatives.

Pursuant to the instructions issued by the Tax Authority on December 16, 1997, a maximum rate of 1.25% may be applied for the establishment of the tax-deductible lump-sum provision.

The lump-sum provision is to be allocated in proportion to the underlying elements to
– a value adjustment deducted from the respective risk-weighted asset positions,
and
– a provision reported in the Balance Sheet under "other provisions".

– Securities

Securities are booked at cost using the weighted average method.

– Debt securities and other fixed-income securities

The bank holds a portfolio designated "other securities" which includes, in particular, securities held as a source of liquidity.

These securities are valued at the lower of cost and market value in conjunction with the option to maintain previous value adjustments (Beibehaltungswahlrecht) (see below).

– Securities issued on a discounted basis

Such securities are accounted for at cost plus the proportionate difference between issue value and par value.

– Equity shares and other variable-yield securities

As at reporting date, equity shares and other variable-yield securities are valued at the lower of cost and market value.

– Participating interests / shares in affiliated undertakings

Participating interests / shares in affiliated undertakings held as financial fixed assets are valued at cost or, if lower, at their market value. Write-downs are made for declines in value which are permanent.

– Option to maintain previous value adjustments (Beibehaltungswahlrecht)

Value adjustments made in earlier years in respect of specific assets are maintained in accordance with Articles 56 (2) (f) and 58 (2) (e) of the law on the accounts of banks, even in cases where the market value of the assets has increased.

– Intangible assets

The bank's policy is to write off intangible assets in full in the year of acquisition.

– Tangible assets

Office furniture and equipment are reported at cost less depreciation. Depreciation is calculated on a straight-line basis over the estimated useful life of the office furniture and equipment. If there is a permanent diminution in value, the bank may record exceptional value adjustments to value these assets at the impaired valuation attributable to them as at the balance sheet date.

Low value assets are charged as operating expenses in the year of acquisition.

– Repurchase transactions

If the buyer undertakes to transfer the assets back to the seller at a date specified – or to be specified – by the seller, the assets continue to be reported in the seller's balance sheet. In this case, the transfer amount received by the seller is shown as an amount owed to the buyer – amounts owed to credit institutions or amounts owed to customers. The buyer then reports the transfer amount paid as an advance to the seller; the assets involved are not reported in its balance sheet.

In the event of a buy-back option on the part of the buyer, the seller may no longer report the assets transferred; in the notes to the balance sheet the seller specifies a contingent liability in the amount agreed for a potential buy-back.

As at balance sheet date, the bank did not, following the restructuring of the Apex transaction, conclude any genuine repurchase agreements (fixed sale and repurchase agreements) under which the bank acts both as buyer and seller with companies within the Group in the context of a structured financing arrangement (2014: € 130 million).

– Special items with a reserve quota portion

The special item with a reserve quota portion in the amount of € 33.8 million relates to fiscally-neutralized translation gains from the reinvestment of equity capital in DEM in accordance with Article 54 of the Luxembourg income tax law.

The tax-exempt gains reinvested in 2008 from the sales of Cedel International S.A., the custodian banking business and the bank building, totalling € 93.0 million, were reactivated in 2013. Following the expiry of the time limit for recognition, the amount was fully recognized in the 2015 P&L.

– Pension provisions

Pension provisions are calculated in line with the parameters relevant under IFRS, firstly to ensure consistency with the active management of the Deutsche Bank pension fund in accordance with IFRS rules and secondly to adhere more closely to the commercial law principle of prudence, which takes into account economic criteria (market-oriented actuarial interest rate, dynamics, etc.).

– Subordinated liabilities

Repurchased own bonds are deducted from subordinated liabilities.

– Income taxes

Income taxes are recorded using the accruals method based on the Profit and Loss Account for the current financial year taking into account tax-exempt revenues and expenses with no tax effect.

In 2010, Deutsche Bank Luxembourg (controlling company) and Deutsche Asset & Wealth Management Investment S.A., (controlled company) formed a fiscal unit for income tax purposes. This arrangement has been effective since January 1, 2010. Under Luxembourg law, it can only be recognized once the fiscal unity has existed for more than five years. Since the controlling company acts as tax debtor vis-à-vis the tax authorities, income taxes of both companies are shown in Deutsche Bank Luxembourg's Balance Sheet and Profit and Loss Account. In return, Deutsche Asset & Wealth Management Investment S.A., in its capacity as controlled company, pays a corresponding contribution to Deutsche Bank Luxembourg. The calculation basis for this is set out in a tax allocation agreement signed by both companies.

The fiscal unit for income tax purposes was expanded to include, as additional controlled companies, Willem S.A. in 2011, Cabarez S.A. in 2012, Magalhaes S.A. in 2013, VCJ Lease S.à r.l. in 2014, as well as VCL Lease S.à r.l. and Isaac Newton S.A. in 2015. Deutsche Bank Luxembourg holds 95% in each of these companies. No tax allocation agreement in the strict sense was concluded for these companies.

B. Notes to the Balance Sheet

1 – Classification by remaining maturity

The table shows selected balance sheet positions classified by remaining maturities as at December 31, 2015.

Loans and advances

in € m.	Up to 3 months	3 months up to 1 year	1 year up to 5 years	Over 5 years	Total
Loans and advances at term to credit institutions	36,943	11,088	2,561	1,002	51,594
Loans and advances at term to customers	3,052	1,464	6,259	4,538	15,313
Debt securities and other fixed-income securities	0	0	23	583	606
Total	39,995	12,552	8,843	6,123	67,513

For comparison Dec 31, 2014:

Total	60,865	6,363	10,497	5,838	83,563

In addition to loans and advances at term to customers, loans and advances repayable on demand are also reported in the amount of € 25 million (Dec 31, 2014: € 99 million).

Amounts owed

in € m.	Up to 3 months	3 months up to 1 year	1 year up to 5 years	Over 5 years	Total
Amounts owed at term to credit institutions	54,064	4,976	1,110	457	60,607
Amounts owed at term to customers	2,247	5,650	10	2,201	10,108
Debts evidenced by certificates	0	6	0	0	6
Subordinated liabilities	0	850	0	0	850
Total	56,311	11,482	1,120	2,658	71,571

For comparison Dec 31, 2014:

Total	62,383	4,403	4,107	4,032	74,925

Of the loans and advances at term to credit institutions and customers, € 56 million (Dec 31, 2014: € 53 million) are subordinated.

Of the loans and advances at term to customers, loans and advances in a nominal volume of € 223 million are deposited as collateral with Banque Centrale du Luxembourg (BCL) as at balance sheet date.

There are no netting agreements for balance sheet positions as at balance sheet date.

2 – Geographical distribution

The table shows the geographical distribution of selected positions as at December 31, 2015.

Loans and advances

in € m.	European Union	Rest of Europe	North America	South America	Asia	Other countries	Total
Cash in hand, balances with central banks and post office banks	10,869	0	0	0	0	0	10,869
therein: balances with central banks	10,867	0	0	0	0	0	10,867
Loans and advances to credit institutions	49,694	452	524	0	7	1,206	51,883
Loans and advances to customers	10,839	1,214	448	210	2,020	607	15,338
Debt securities and other fixed-income securities	606	0	0	0	0	0	606
Shares and other variable-yield securities	1	0	0	0	0	0	1
Total	72,009	1,666	972	210	2,027	1,813	78,697

For comparison Dec 31, 2014:

Total	79,843	1,356	418	99	1,513	1,084	84,313

Amounts owed

Amounts owed to credit institutions	52,695	3,816	0	150	4,001	3	60,665
Amounts owed to customers	10,870	609	21	79	118	122	11,819
Total	63,565	4,425	21	229	4,119	125	72,484

For comparison Dec 31, 2014:

Total	67,537	4,798	157	253	3,903	136	76,784

Off-balance sheet items

Contingent liabilities	9,211	960	309	0	1,491	594	12,565
Commitments	23,101	3,090	1,468	26	1,622	570	29,877
Fiduciary operations	4,574	0	0	0	0	0	4,574
Total	36,886	4,050	1,777	26	3,113	1,164	47,016

For comparison Dec 31, 2014:

Total	38,712	3,367	635	117	2,539	1,431	46,801

Financial transactions

in € m.	European Union	Rest of Europe	North America	South America	Asia	Other countries	Total
Interest rate transactions	5,326	0	0	0	0	0	5,326
Foreign exchange/gold transactions	1,355	26	0	0	12	0	1,393
Equity transactions	6	0	0	0	0	0	6
Credit derivatives*	2,496	77	0	0	78	5	2,656
Total	9,183	103	0	0	90	5	9,381

For comparison Dec 31, 2014:

Total	11,127	55	0	0	75	3	11,260

* of which a nominal amount of € 986 million is reported under contingent liabilities.

3 – Securities

The securities included in the asset items listed below are classified as at the balance sheet date as follows:

in € m.	Unlisted securities	Listed securities	Total
Debt securities and other fixed-income securities (held for investment purposes)	0	0	0
Debt securities and other fixed-income securities (held for liquidity purposes)	588	18	606
Shares and other variable-yield securities (held for liquidity purposes)	1	0	1

As at the balance sheet date, there were write-downs in the amount of € 1.3 million.

The total amount of securities pledged is € 18 million (nominal volume); all of these securities are eligible for refinancing at the European Central Bank (ECB).

4 – Companies in which the bank has a participating interest of 20% or more

Name of company	Registered domicile	Holding	Shareholders' equity	Results for the financial year* in € m.
DB Apex (Luxembourg) S.à r.l.	Luxembourg	100%	50.6	50.9
Aqueduct Capital S.à r.l.	Luxembourg	100%	11.2	–0.5
Acacia (Luxembourg) S.à r.l.	Luxembourg	100%	0.0	0.0
Deutsche Credit Investment S.à r.l.	Luxembourg	100%	–29.8	31.8
Deutsche Haussmann S.à r.l.	Luxembourg	100%	–71.0	0.0
Cabarez S.A.	Luxembourg	95%	0.2	0.0
Willem S.A.	Luxembourg	95%	0.1	0.0
Magalhaes S.A.	Luxembourg	95%	0.1	0.1
VCJ Lease S.à r.l.	Luxembourg	95%	0.0	0.0
Deutsche Asset & Wealth Management Investment S.A.	Luxembourg	50%	251.7	140.7
DB Vita S.A.	Luxembourg	25%	20.4	2.0

* results for the financial year according to latest available annual accounts

The interest in DB Finance International GmbH was restructured in 2015 and sold as part of an intra-group transaction.

In the case of individual investments of minor significance – various companies belonging to Deutsche River Group with registered offices in Luxembourg, which have been completely written off in the past – no individual figures are presented in line with Article 68 (2) of the law on the accounts of banks.

With the exception of Hua Xia Bank Company Limited, Beijing, (9.28%) there are no other listed participating interests or listed shares in affiliated undertakings.

As part of Strategy 2020, Deutsche Bank AG plans to sell its stake in Hua Xia Bank Company Limited, Beijing. Irrespective of agreements already entered into, final implementation is subject to various conditions and approvals. Against this background, Deutsche Bank Luxembourg has not yet made any change to the valuation or reporting of the interest for the 2015 financial year.

5 – Movements in fixed assets

in T €	Gross value at beginning of financial year	Additions	Disposals	Parity changes	Gross value at end of financial year	Cumulative depreciation and value adjustments at end of financial year	Net value at end of financial year
Securities	0	0	0	0	0	0	0
Participating interests	664,783	0	0	2	664,785	23,917	640,868
Shares in affiliated undertakings	6,951	33	679	15	6,320	321	5,999
Intangible assets	26,533	0	0	0	26,533	26,533	0
of which:							
goodwill	0	0	0	0	0	0	0
software	26,533	0	0	0	26,533	26,533	0
Tangible assets	16,934	617	384	51	17,218	13,655	3,563
of which:							
office furniture and equipment	16,934	617	384	51	17,218	13,655	3,563
Total fixed assets	715,201	650	1,063	68	714,856	64,426	650,430

6 – Amounts due from affiliated undertakings and from participating interests

in € m.	Affiliated undertakings Dec 31, 2015	Participating interests Dec 31, 2015	Affiliated undertakings Dec 31, 2014	Participating interests Dec 31, 2014
Loans and advances to credit institutions	51,767	0	69,650	0
Loans and advances to customers	1,322	41	1,260	38
Debt securities and other fixed-income securities	531	0	204	0

7 – Assets denominated in foreign currencies

Assets denominated in foreign currencies amount in total to the equivalent of € 13,927 million as at balance sheet date.

8 – Other assets / Other liabilities

The "Other assets" include amounts totalling € 35 million owed by other units within the Group in connection with the CPSG fair value portfolio and tax allocations from the fiscal unit arrangement in the amount of € 271 million. Social security contributions and other payment obligations are reported under "Other liabilities". Individual positions to be reported are internal liabilities within the Group in the amount of € 154 million, € 27 million of which is attributable to the CPSG fair value portfolio. Furthermore, the item includes as at the balance sheet date proceeds from the realization of collateral (€ 149 million) which the bank, in its capacity as loan agent, will forward to the creditor banks upon presentation of legally enforceable instruments.

9 – Debts evidenced by certificates

Following the derecognition of the EUR Zero Bond, due as of December 10, 2015 (with a reported value of € 24 million as of December 31, 2014), "Debts evidenced by certificates" includes the following significant positions:
– EUR Zero Bond, reported value: € 6 million; due: December 19, 2016, with a variable bonus interest rate based on the performance of the CROCI Alpha Pairs Index

The debts are secured by money market instruments and options.

10 – Subordinated liabilities

Following the maturity of the subordinated EURO participation certificate in the amount of € 1,500 million, this includes as of December 31, 2015:
– a subordinated EUR participation certificate, € 850 million, due 2016

The participation certificate is classified as Upper Tier II capital. In the 2015 financial year, the expense for subordinated liabilities was € 244 million. To take greater account of the fact that the participation certificates are classified as equity, the expense from the recurrent payments was, in line with the true and fair view principle to increase transparency, not reported under "net interest income" but rather as a separate position above "net income".

11 – Special items with a reserve quota portion

The special item with a reserve quota portion relates to fiscally-neutralized translation gains from the reinvestment of equity capital in DEM for the years 1980 to 1998 in accordance with Article 54 of the Luxembourg income tax law. The tax-exempt gains reactivated in 2013 from the sales of Cedel International S.A., the custodian banking business and the bank building, totalling € 93.0 million, were recognized as income after expiry of the time limit for recognition.

12 – Subscribed capital

As at balance sheet date, the bank's subscribed and fully paid-up capital is € 3,959.5 million, divided into 15,838,000 shares.

13 – Movements in reserves and profit brought forward

in € m.	Legal reserve	Other reserves	Profit brought forward	Net income
As at January 1, 2015	396	453	0	0
Change in legal reserve / other reserves	0	0	0	0
Net income for the 2014 financial year	0	0	0	186
Appropriation				
– Retention	0	112	0	112
– Dividend	0	0	0	74
As at December 31, 2015	396	565	0	0

The bank fulfilled the requirement of the Luxembourg law on commercial companies to form a legal reserve of 10% of subscribed capital (€ 396 million). The legal reserve may not be distributed.

The item "other reserves" includes an appropriation of € 461 million for the imputation of wealth tax in accordance with Article 8 (a) of the Luxembourg wealth tax law.

14 – Amounts owed to affiliated undertakings and participating interests

in € m.	Affiliated undertakings Dec 31, 2015	Participating interests Dec 31, 2015	Affiliated undertakings Dec 31, 2014	Participating interests Dec 31, 2014
Amounts owed to credit institutions	59,570	0	59,652	0
Amounts owed to customers	6,506	0	6,202	1
Debts evidenced by certificates	0	0	0	0
Other liabilities	154	0	177	0

15 – Liabilities in foreign currencies

The total amount of liabilities denominated in foreign currencies as at balance sheet date is the equivalent of € 13,773 million.

16 – Contingent liabilities

Contingent liabilities consist of:

in € m.	Dec 31, 2015	Of which: to affiliated undertakings
Guarantees and other direct substitutes for credit	12,565	12,104
of which:		
Credit derivatives	986	986
Acceptances	0	0
Total	12,565	12,104

17 – Commitments

Commitments consist of:

in € m.	Dec 31, 2015	Of which: to affiliated undertakings
Confirmed credits, not utilized	29,659	683
Other commitments (for example, facilities for the issuance of debt instruments, etc.)	218	0
Total	29,877	683

C. Notes to the Profit and Loss Account

1 – Administration and agency services

The bank provides the following principal services for third parties:
Safe custody account administration, central administration and depositary bank function for special funds, asset management, paying agent services, agency function, commercial representation and institutional services.

2 – Other operating income

This position is made up as follows:

in T €	2015	2014
Income from commercial representation services	0	2,700
Rental income	3,048	1,321
AGDL* release / refund	1,804	61
Income from CPSG fair value portfolio	154,189	147,990
Recoveries	330	2,174
Release of provisions	–	1,280
Sundry income	377	316
Total	159,748	155,842

* Association pour la Garantie des Dépôts, Luxembourg (AGDL)

The agency agreement with Deutsche Bank AG, Luxembourg branch, was terminated in 2015. The services for the branch are provided entirely through the "contract concerning the independent group of persons" ("Personenvereinigungsvertrag"). The corresponding allocations serve to reduce other administrative expenses.

Higher rental income results from the implementation of the new building concept, which involves subletting additional space to other Deutsche Bank Group companies.

3 – Other operating charges

This position is made up as follows:

in T €	2015	2014
Amortization of issuance costs Global Depositary Receipts (GDR)	2,086	1,934
Contribution to national resolution fund	1,683	–
Addition to other provisions	10,523	–
Sundry expenses	42	262
Total	14,334	2,196

4 – Auditor's fees

Fees billed to the Company by KPMG Luxembourg, Société coopérative as Réviseur d'Entreprises agréé and as Cabinet de révision agréé authorized to provide services during the year are as follows:

in T € (excluding VAT):	2015	2014
Audit fees	558	550
Audit-related fees	95	147
Tax fees	314	192
Other fees	23	25

Such fees are presented under "other administrative expenses" in the Profit and Loss Account.

D. Risk Report

General information

Deutsche Bank Luxembourg is integrated in organizational, procedural and IT terms into the risk and capital management as well as the Finance structures of Deutsche Bank Group and its systems. The following statements describe the Group's standard definitions and principles in connection with risks. The importance of a strong focus on risk management and the ongoing need to refine risk management practice has become particularly evident during the financial market crisis. While risk and capital management in the Group continuously evolves and improves, there can be no assurance that all market developments, in particular those of an extreme nature, can be fully anticipated at all times.

Risk management principles

We take calculated risks in connection with our business and as such the following principles underpin our risk management:
– Risk is taken within a defined risk appetite.
– Every risk taken needs to be approved within the risk management framework.
– Risk is continuously monitored.
– Risk taken needs to be adequately compensated.
– A strong risk management culture helps to reinforce Deutsche Bank's resilience.

Risk management framework

Against the background of Deutsche Bank Luxembourg's broadly diversified business activities, it is essential to identify, measure, aggregate and manage risks: The various risks must be backed appropriately with equity capital. Deutsche Bank Luxembourg manages risks with the help of an overriding set of risk principles, organizational structures and processes for the measurement and monitoring of risk which are closely aligned with the activities of the Group divisions. While Deutsche Bank Group continuously strives to improve risk and capital management, it may be unable to anticipate all market developments, in particular those of an extreme nature.

– The Group's Management Board provides overall risk and capital management supervision for the consolidated Group.
– The risk management model is based on the three lines of defence approach whereby business management, risk management oversight and assurance roles are played by functions independent of one another.
– Risk strategy and risk appetite are defined based on the Group's strategic plans in order to align risk, capital, and performance targets.
– Reviews are conducted across the Group to verify that sound risk management practices and a holistic consideration of defined risks exists across the organization and to help each business manage the balance between their risk appetite and reward.
– Credit risk, market risk, liquidity risk, business and reputational risk, operational risk and capital are managed by means of a coordinated process at all levels of Deutsche Bank Group.
– Where applicable, modelling and measurement approaches for quantifying risk and the associated capital demand are implemented across the major risk classes.
– Effective systems, processes and policies are a critical component of our risk management capability.

The risk and capital management activities are supported by the Finance and Internal Audit functions. These units are independent of the Group divisions. Finance's role is to quantify the risks assumed and to ensure the quality and integrity of risk-related data. Our Audit department performs risk-oriented reviews of the design and operating effectiveness of our system of internal controls.

Credit Risk Management (CRM) and Risk Control help the Chief Risk Officer (CRO) to aggregate the types of risk arising from the business model of Deutsche Bank Luxembourg into an overall risk profile, to regularly monitor whether risks are within the defined risk appetite and report to both the Management Board and the Supervisory Board.

Types of risk

The most important risks to which Deutsche Bank Luxembourg's business is exposed are specific banking risks, reputational risks as well as the risks arising from general business activity.

Specific banking risks

In the risk management processes, a distinction is made between four types of specific banking risk: credit risk, market risk, liquidity risk and operational risk.

– Credit risk arises from all transactions that create actual, contingent or potential claims against a business partner, borrower or debtor (referred to collectively as "counterparties"). A distinction is made between three types of credit risk:

  – Default risk is the risk that counterparties may fail to meet contractual payment obligations;

  – Country risk is the risk that a loss may arise for the following reasons in any country: possible deterioration in overall economic conditions, political and social upheaval, nationalizations and expropriation of assets, government repudiation of external debts, foreign exchange controls, the devaluation or depreciation of the national currency. Country risk also includes transfer risk; this arises when direct government intervention prevents debtors from transferring assets in order to fulfil their matured obligations to non-residents;

  – Settlement risk is the risk that the settlement or clearing of transactions may fail. A settlement risk always arises whenever the exchange of cash, securities and / or other assets is not simultaneous.

– Market risk arises from uncertainty concerning changes in market prices and rates (including interest rates, share prices, exchange rates and commodity prices) as well as in the correlations among them and their volatilities.

– Liquidity risk is the risk of being unable to meet payment obligations when they come due, or only being able to do so at excessive cost.

– Operational risk is the potential for incurring losses in connection with staff, contractual specifications and their documentation, technology, infrastructural failure or collapse, projects, external influences and customer relationships. This definition includes legal and regulatory risks, but not the general business risk or reputational risk.

Business risk

General business risk designates the risk arising from changes in general business conditions. These include, for example, the market environment, client behaviour and technological progress. Such risks can affect business results if changes in these external conditions are not identified in good time and effective measures are taken in response to the changed conditions.

Reputational risk

For the risk management processes, reputational risk is defined as the risk that public trust in the organization may be negatively influenced by public reporting on a transaction, a counterparty or a business practice in which a customer is involved.

Concentration risk

Risk concentrations are not an isolated risk type but are broadly integrated in the management of credit risk, market risk, operational and liquidity risks. Risk concentrations refer to a bank's loss potential through unbalanced distribution of dependencies on specific risk drivers. Risk concentrations are encountered within and across counterparties, regions / countries, industries and products, impacting the aforementioned risks. Risk concentrations are managed, for instance by entering into offsetting or risk-reducing transactions. Management of risk concentration across risk types involves expert panels, qualitative assessments, quantitative instruments (such as economic capital and stress testing) and comprehensive reporting.

Credit risk

The measurement and management of credit risk are based on the following principles at Deutsche Bank Group:

- The key principle of credit risk management is quantitative and qualitative client due diligence, taking into account, among other things, the industry and countries in which the client operates as well as its country of domicile. In line with our country and industry portfolio strategies, prudent client selection is achieved in collaboration with our business line counterparts who stand as a first line of defence. In each of our Group divisions credit decision standards, processes and principles are consistently applied.
- We aim to ensure a diversified credit portfolio. This effectively protects the bank's capital in all market conditions. Client, industry, country and product-specific concentrations are actively assessed and managed against our risk appetite.
- We aim to avoid large directional credit risk on a counterparty, industry and country level. To do so, we apply stringent underwriting standards combined with a proactive hedging and distribution model and collateralization of our hold portfolio.
- We are selective in taking outright cash risk positions unless they are secured, guaranteed and / or adequately hedged. Exceptions to this general principle are lower risk, short-term transactions and facilities supporting specific trade finance business requests as well as low risk businesses where the margin allows for adequate loss coverage.
- Deutsche Bank Group aims to secure its derivative portfolio through collateral agreements and may additionally hedge concentration risks to further mitigate credit risks from underlying market movements.
- Every extension of credit or material change to a credit facility (such as its tenor, collateral structure or major covenants) to any counterparty requires credit approval at the appropriate authority level. Credit approval authorities are assigned to individuals according to their qualifications, experience and training. These credit authorities are periodically reviewed.
- Deutsche Bank Group measures and consolidates all credit exposures to each obligor on a global basis that applies across our consolidated Group, in line with regulatory requirements of the German Banking Act (Kreditwesengesetz).
- Deutsche Bank Luxembourg's local credit risk management tasks and supervisory functions are regulated by the policy "Credit Risk Management (CRM) Deutsche Bank Luxembourg S.A. - Key Tasks and Operating Procedures".

Credit risk ratings

A basic and key element of the credit approval process is a detailed risk assessment of each credit-relevant counterparty. Deutsche Bank Group applies in-house assessment methodologies, scorecards and a 26-grade rating scale for evaluating the creditworthiness of all counterparties. The majority of the rating methodologies are authorized for use within the Advanced Internal Rating Based Approach under CRR rules. The rating scale facilitates a comparison of internal ratings with common market practice and also ensures the comparability of the bank's different subportfolios. Several default ratings therein make it possible to incorporate the potential recovery rate of unsecured defaulted counterparty exposures. The Group generally rates all its credit exposures individually, though certain portfolios of securitized receivables are rated on a pool level. The algorithms of the rating procedures for all counterparties are recalibrated frequently on the basis of the default history as well as other external and internal factors and judgments.

Lending

Deutsche Bank Luxembourg operates on a large scale as the lending office for loans extended by other European offices of Deutsche Bank Group. Furthermore, Credit Portfolio Strategies (CPS) has largely concentrated its global credit risks at Deutsche Bank Luxembourg. Apart from direct bookings in Luxembourg, risks are assumed in the form of credit guarantees or credit default swaps (CDS). In all cases the risks are first examined by the respective branches in accordance with Group standards and guidelines. Deutsche Bank Luxembourg extends these loans after a further review on the basis of its own credit guidelines coordinated within the Group.

Deutsche Bank Luxembourg regularly reviews the creditworthiness of its credit risks on the basis of submitted annual accounts and other current information obtained from Deutsche Bank Group's credit risk management. Management informs the Supervisory Board in regular meetings about current developments regarding specific risks and the credit portfolio risk, also with reference to specific industry and / or country risks.

The assumption of additional CPS risks did not have a material negative effect on the general creditworthiness of the loan portfolio. At the end of 2015, 88% (previous year: 90%) of total loans were to investment grade borrowers (rated BBB or above).

Distribution of credit risk

The following tables provide an overview of credit exposure under the respective balance sheet item or off-balance sheet item by counterparty industry as well as by issuer and rating category. The amount of loan exposures was calculated without consideration of collateral.

Structure of credit profile by rating category as at December 31, 2015

in € m.	Loans and advances to credit institutions	Loans and advances to customers	Securities / Participating interests	Contingent liabilities	Confirmed credits	Total
AAA / AA	17	1,210	18	2,252	4,860	8,357
A	1,656	2,762	0	5,180	9,559	19,157
BBB	50,199	5,471	597	2,955	11,393	70,615
BB	11	2,129	637	1,329	3,673	7,779
B	0	641	0	127	344	1,112
CCC	0	2,245	1	1	4	2,251
NR*	0	880	0	721	44	1,645
Total	51,883	15,338	1,253	12,565	29,877	110,916

* including unrated customers

Structure of credit profile by industry as at December 31, 2015

in € m.	Loans and advances to credit institutions	Loans and advances to customers	Securities / Participating interests	Contingent liabilities	Confirmed credits	Total
Banks and insurance companies	51,883	2,593	1,235	3,583	3,866	63,160
Households	0	1,229	0	12	240	1,481
Manufacturing	0	1,429	0	3,042	7,935	12,406
Corporate services	0	4,258	0	1,107	6,736	12,101
Transport and telecommunications	0	373	0	851	2,446	3,670
Power and water utilities	0	2,149	0	827	571	3,547
Wholesale and retail trade	0	913	0	1,035	2,572	4,520
Mining	0	313	0	847	1,615	2,775
Public sector	0	231	18	107	272	628
Commercial real estate	0	598	0	685	596	1,879
Construction	0	166	0	302	476	944
Power generation (in particular solar power)	0	698	0	4	1,288	1,990
Automotive industry	0	267	0	0	1,080	1,347
Hotel / restaurant trade, leisure industry, gaming and gambling industry	0	83	0	13	183	279
Other	0	38	0	150	1	189
Total	51,883	15,338	1,253	12,565	29,877	110,916

Risk provisioning

Adequate provision has been made for individual risks. Deutsche Bank Luxembourg also uses the possibility of setting up a lump-sum provision in accordance with Luxembourg regulations. The lump-sum provision remains unchanged at € 291 million.

There are only minor country risks as at the balance sheet date. The bank does not hold any bonds issued or guaranteed by the high risk countries Portugal, Italy, Ireland, Greece and Spain.

The risks assumed from the CPSG fair value portfolio came to € 11.6 billion as at December 31, 2015 (previous year: € 13.6 billion). Due to the creditworthiness of the borrowers, it was not necessary to make any individual risk provisions for this portfolio. The risk management for the underlying or hedging transactions entered into as part of this project is, in respect of the material risk factors determining the risk provision, conducted centrally in Deutsche Bank Group on the basis of internal Group agreements with Deutsche Bank Luxembourg, taking into account specific risk tolerance and hedging parameters agreed by Deutsche Bank Luxembourg in cooperation with the global Credit Risk Management unit of Deutsche Bank AG. At the same time, in the context of this project, Deutsche Bank Luxembourg plays a much stronger role in Group securitization transactions.

Market risk

Owing to its business orientation, Deutsche Bank Luxembourg has the regulatory status of non-trading book institution in Luxembourg.

The market risks resulting from asset / liability management – in the form of interest rate, currency and liquidity risks – are managed by the CB&S – Global Liquidity Management business division. The business division was allocated to Treasury in the fourth quarter. Other types of material market risk (for example, commodity price risks) do not exist at the bank. Within the framework of local supplements, Deutsche Bank Group's policies for trading activities – known as the Global Markets Key Operating Policies – have been established by the Management Board in binding form. The back office applied the same procedure for the settlement of trades.

Deutsche Bank Luxembourg is integrated into Deutsche Bank Group's global limit system. Risks are calculated and monitored on an ongoing basis by neutral risk controlling using the Group's risk measurement programmes and hence its risk models. A risk performance status report is produced daily and forwarded promptly to Management and the business division.

Financial transactions

The derivative financial transactions consist exclusively of contracts forming part of the non-trading portfolio and are concluded largely with counterparties inside the Group. The following figures show the notional volume by remaining maturity and the market values of derivative transactions. At the end of the year, there were no exchange-traded deals. Under the CPSG portfolio agreements, netting is possible in principle. To the extent that the bank could assume legally enforceable netting agreements were in place, corresponding effects were taken into account in the analysis of financial transactions below. Apart from this, there are no further netting agreements in derivative financial transactions.

Analysis of derivative financial transactions as at December 31, 2015

in € m. Classes of financial transaction	Up to 1 year	1 year to 5 years	More than 5 years	Total	Positive market value	Negative market value	Net market value
Interest rate transactions	2,211	1,784	1,331	5,326	62	228	–166
Interest rate swaps	2,211	1,784	1,331	5,326	62	228	–166
Forward rate agreements	0	0	0	0	0	0	0
Options	0	0	0	0	0	0	0
Foreign exchange / gold transactions	1,369	24	0	1,393	14	18	–4
Futures contracts with customers	272	11	0	283	4	5	–1
Futures contracts with banks	1,094	13	0	1,107	10	13	–3
Cross-currency swaps	0	0	0	0	0	0	0
Options	3	0	0	3	0	0	0
Equity transactions	6	0	0	6	0	0	0
Futures contracts	0	0	0	0	0	0	0
Swaps	6	0	0	6	0	0	0
Options	0	0	0	0	0	0	0
Credit derivatives*	1,249	1,146	261	2,656	58	65	–7
Other transactions	0	0	0	0	0	0	0
Total	4,835	2,954	1,592	9,381	134	311	–177

* of which a nominal amount of € 986 million is reported under contingent liabilities.

Analysis of derivative financial transactions as at December 31, 2014

in € m. Classes of financial transaction	Up to 1 year	1 year to 5 years	More than 5 years	Total	Positive market value	Negative market value	Net market value
Interest rate transactions	1,161	1,577	1,327	4,065	65	268	–203
Interest rate swaps	1,161	1,577	1,327	4,065	65	268	–203
Forward rate agreements	0	0	0	0	0	0	0
Options	0	0	0	0	0	0	0
Foreign exchange / gold transactions	1,210	21	0	1,231	14	20	–6
Futures contracts with customers	115	10	0	125	4	2	2
Futures contracts with banks	1,093	11	0	1,104	10	18	–8
Cross-currency swaps	0	0	0	0	0	0	0
Options	2	0	0	2	0	0	0
Equity transactions	375	6	0	381	0	0	0
Futures contracts	0	0	0	0	0	0	0
Swaps	25	6	0	31	0	0	0
Options	350	0	0	350	0	0	0
Credit derivatives*	1,752	3,567	264	5,583	640	656	–16
Other transactions	0	0	0	0	0	0	0
Total	4,498	5,171	1,591	11,260	719	944	–225

* of which a nominal amount of € 2,390 million is reported under contingent liabilities.

Value at risk

To measure and manage market risks a value-at-risk model is used which was developed by the Group and approved by the German bank regulator. The value-at-risk approach is used to derive a quantitative measure specifically for market risks in the trading book under normal market conditions. For a given portfolio, value-at-risk measures the possible future loss (in terms of market value) which, under normal market conditions, will not be exceeded with a defined probability in a certain period. Value-at-risk allows us to apply a constant and uniform risk measure to all trading transactions and products. It also permits a comparison of market risk assessments over time and with actual daily trading results.

Both for internal and external reporting purposes, value-at-risk is calculated in accordance with the regulations of the Bank for International Settlements (BIS) with a confidence level of 99%. For internal reporting purposes, a holding period of one trading day is used. For regulatory reporting purposes, the holding period is ten days.

As at the end of 2015 the regulatory value-at-risk from interest rate and currency risks in the non-trading book was € 0.1 million. The average value for 2015 was € 0.3 million. The limit allocated by global risk management is € 1.5 million.

In foreign exchange business, only relatively small positions in foreign currency arise from broken amounts in futures contracts and from balances arising out of the bank's net interest and commission income in foreign currencies. These positions are closed regularly.

Liquidity risk

The principal objective of liquidity management is to guarantee the bank's solvency at all times. CB&S – Global Liquidity Management / Treasury handles the management of this task in Luxembourg and is involved in Group-wide liquidity management. Liquidity Risk Controlling ensures prompt availability of data and informs Deutsche Bank Luxembourg's management within the scope of the daily risk performance status.

At the same time, all data relevant to the Group are supplied to Global Risk Controlling.

The Liquidity Coverage Requirement pursuant to the Commission Delegated Regulation (EU) No. 2015/61 of October 10, 2014, entered into force on October 1, 2015.

In its Circular 15/621 of October 21, 2015, the CSSF stated that the calculation of the liquidity ratio pursuant to table B 1.5 is repealed.

As at September 30, 2015 the liquidity ratio was 91.6%, which was well above the required regulatory threshold of 30%.

As at balance sheet date, the LCR of 91.3% calculated on the basis of the rules applicable from October 1, 2015 was above the level of 60% required as of December 31, 2015 as well as the level of 70% applicable from January 1, 2016.

Operational risk

Operational risk is managed on the basis of a Group-wide consistent framework that makes it possible to determine the operational risk profile in comparison to risk appetite and systematically identify operational risk themes and concentrations in order to define risk mitigating measures and priorities. The business divisions and infrastructure functions have primary responsibility for the management of operational risk.

Instruments are in place for the self-assessment of operational risk and for recording and monitoring qualitative and quantitative risk indicators.

Losses and gains due to operational risks are captured in the Group-wide db-Incident Reporting System (db-IRS) monitored at Deutsche Bank Luxembourg by Finance – FD/M CB&S and Risk. Besides losses actually incurred due to defective processing, the system also covers reported provisions for operational risks. Reports from the database give insight into the success of risk management and into the quality of the selected risk indicators.

Amid increased regulation at the European level in 2015, the bank faced more queries relating to legacy cross-border transactions and client relationships. The bank has taken the resulting risk potential into account by recognizing a provision in the amount of € 11 million.

Regulatory risk position

The bank, as a non-trading book institution, calculates the simplified coefficient. A separate report will be produced for disclosure information pursuant to section 13 CRR (Capital Requirements Regulation) and, once completed, will be published on the website of Deutsche Bank Luxembourg.

The risk-weighted assets (RWA) are made up as follows:

Composition of risk-weighted assets in accordance with COREP* (CRD IV)

in € m.	Dec 31, 2015	Dec 31, 2014
Central governments and central banks	296	0
Regional governments	0	10
Administration / Non-profit institutions	3	72
Credit institutions	13,354	12,695
Corporates	23,039	23,531
Retail customers	49	89
Other assets	555	547
Secured by mortgage charges	454	690
Currency transactions	0	0
Operational risks	542	648
Past due items	198	77
Total	38,490	38,359

* Common Solvency Ratio Reporting (COREP)

Regulatory capital and reserves according to CRD IV amount to € 4,495 million (end of 2014: € 4,631 million); the solvency ratio is 11.7% (end of 2014: 12.1%). The decrease is due to the reduction in participation certificates classified as Tier II capital which, because of their maturities in 2015 and 2016, are only recognized in the amount of € 0.2 billion (end of 2014: € 0.6 billion). This was partially offset by the retention of € 0.1 billion within the scope of the appropriation of distributable profit for 2014. The minimum requirement of 10.5% was fulfilled at all times during the financial year.

At 11.2% at the end of 2015 (previous year: 10.6%), the Tier I capital ratio also met the minimum requirements according to CRD IV of 8.5% over the entire reporting period.

In the context of regulations on limiting large exposures, Luxembourg's financial regulator, the CSSF (Commission de Surveillance du Secteur Financier), consented to the bank's request to exempt companies belonging to Deutsche Bank Group from the requirement to take such risks into account. This approval was granted in accordance with CSSF Circular 06/273, Part XVI, No. 24 (revised version).

E. Other information

Deposit guarantee scheme

The Act on measures for the recovery and resolution of credit institutions and investment firms as well as the deposit guarantee and investor compensation scheme (« the Act ») was adopted on December 18, 2015. The Act implements into Luxembourg law EU Directive 2014/59/EU on establishing a framework for the recovery and resolution of credit institutions and investment firms as well as EU Directive 2014/49/EU on deposit guarantee and investor compensation schemes.

The existing deposit guarantee and investor compensation scheme in Luxembourg in the form of the Association pour la Garantie des Dépôts Luxembourg (AGDL) will be replaced by a new contribution-based deposit guarantee and investor compensation scheme. The new system guarantees deposits by the same depositor of up to € 100,000 and investments of up to € 20,000. Furthermore, the Act provides that deposits resulting from certain transactions or certain social or other purposes are, for a period of 12 months, covered beyond the € 100,000 limit.

Provisions recognized in the annual accounts of credit institutions for AGDL purposes in the past will be successively released in line with the contributions payable by the credit institutions to the new Luxembourg bank resolution fund ("Fonds de résolution Luxembourg" (FRL)) and the yet to be established new Luxembourg deposit guarantee fund ("Fonds de garantie des dépôts Luxembourg" (FGDL)).

The target amount of the FRL's financial funds must, pursuant to Article 1 No. 36 of the Act, reach at least 1% of guaranteed deposits of all credit institutions in all participating member states by the start of 2024. This amount is funded by the credit institutions through annual contributions in the financial years 2015 to 2024. The contribution for the 2015 financial year amounted to T€ 1,682. Accordingly, the AGDL provision was released by the same amount.

The target amount of the financial funds of the FDGL is fixed at 0.8% of guaranteed deposits of the relevant credit institutions as defined in Article 163 No. 8 of the Act and must be reached by the end of 2018. The contributions are made on an annual basis between 2016 and 2018. Once the target level of 0.8% has been reached, Luxembourg credit institutions will make additional contributions in the 8 subsequent years to create an additional capital safety buffer of 0.8% of guaranteed deposits defined in Article 163 No. 8 of the Act.

Staff

Number of staff

	Dec 31, 2015	Average in 2015
Management Board	3	3.0
Executives	22	23.5
Staff	287	284.0
Total	312	310.5

In 2015, the total remuneration of the Management Board and the executives was T€ 6,168. The addition to pension provisions for members of the Management Board and executives was T€ 408.

The expense for pension obligations for former members of the Management Board was T€ 108.

As at December 31, 2015, loans, advances and other commitments to members of the Management Board and executives totalled T€ 69.

Annual Report 2015 of Deutsche Bank Group

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Luxembourg, February 25, 2016

Deutsche Bank Luxembourg S.A.
The Management Board

5
Confirmations

Report of the Réviseur d'Entreprises agréé

To the Management Board of Deutsche Bank Luxembourg S.A.

Report on the annual accounts

We have audited the accompanying annual accounts of Deutsche Bank Luxembourg S.A., which comprise the balance sheet as at 31 December 2015 and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management Board's responsibility for the annual accounts

The Management Board is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts, and for such internal control as the Management Board determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

Responsibility of the Réviseur d'Entreprises agréé

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the judgement of the Réviseur d'Entreprises agréé, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the Réviseur d'Entreprises agréé considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management Board, as well as evaluating the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of Deutsche Bank Luxembourg S.A. as of 31 December 2015, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

Report on other legal and regulatory requirements

The Management Report, which is the responsibility of the Management Board, is consistent with the annual accounts.

Luxembourg, 26 February 2016

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé

Pia Schanz

Report of the Supervisory Board

The Supervisory Board reviewed the annual accounts of Deutsche Bank Luxembourg S.A. for the 2015 financial year.

During its meeting on February 25, 2016, the Supervisory Board approves the annual accounts and the Management Report prepared by the Management Board, which are thus established.

The Supervisory Board proposes to the Ordinary General Meeting that the acts of management of the Management Board be ratified. Furthermore, the Supervisory Board proposes the distribution of retained earnings in the amount of € 65 million as well as the payment of a dividend totalling € 169 million and the allocation of the remaining profit of € 119.9 million to "other reserves".

Luxembourg, February 25, 2016

Luc Frieden
Chairman of the Supervisory Board

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